

CALIFORNIA INSTITUTE OF TECHNOLOGY  
PASADENA, CALIFORNIA

OFFICE OF THE  
VICE PRESIDENT FOR BUSINESS AFFAIRS

March 4, 1964

AIRMAIL

Mr. Nelson A. Wahlstrom  
Executive Director  
The National Association of College  
and University Business Officers  
Committee on Governmental Relations  
1785 Massachusetts Avenue, N.W.  
Washington, D.C. 20036

RECEIVED

UNIVERSITY OF WISCONSIN  
OFFICE OF VICE PRESIDENT  
AND TRUST OFFICER

Dear Wally:

The enclosed draft of a proposed statement has been prepared by Mr. Lloyd Spencer, incorporating the revisions which we discussed in Washington immediately following our meeting with the Deputy Surgeon General. It is my hope that this statement is now in suitable form for release to our supporting institutions for comment and approval.

By carbon copy of this letter I am requesting each member of the Patent Sub-Committee to immediately call you on the telephone if any further revision is deemed essential before release to our supporting institutions. Should there be any questions which occur to you, or which may be reported to you by the Patent Sub-Committee members, please call me so that we may work out any problems on the telephone to expedite this release. I should like to leave it in your hands whether there should be a prior distribution to the members of the Committee on Governmental Relations, prior to distribution to the supporting institutions.

After this document has had the benefit of review by the supporting institutions, it is my impression that we will then be prepared to use this statement as a basis for further discussions with Mr. Beckler and his associates representing the Federal Council on Science and Technology. Concurrently, we will expect to have a collection of examples of university experience in patent development, for discussion with Mr. Beckler and his group. At your convenience, I would appreciate your confirming whether this plan appears in order.

Yours very truly,



R. B. Gilmore  
Vice President for  
Business Affairs

RBG:11

Enclosure

cc: Members of the Patent Sub-Committee, w/enc.

WHEREAS, the Government has found it advantageous, through contracts or through grants for research to bring the resources of educational institutions to bear on the solution of problems of public interest and for public benefit; and

WHEREAS, the educational institutions in serving the Government in this capacity, have, as a matter of policy, the primary objective of serving the public interest; and,

WHEREAS, it is essential that, in order to carry out the spirit and purpose of the Presidential Statement of October 12, 1963, the common objective of the Government and the educational institutions be recognized.

NOW, THEREFORE, the public interest can best be served by encouraging the educational institutions to assume the responsibility of furthering public use of the discoveries and inventions made by their faculties and staffs.

In considering the beneficial role which educational institutions may play in the public utilization of discoveries and inventions made in the course of contracts and grants with and to educational institutions, the following is a summary of the facts to be considered:

1. University relationships with industry utilize to advantage the numerous contacts that exist between educational institutions and business in all parts of the country. The majority of university inventions lend themselves to development by small businesses. Patent management requires flexibility so that each invention is assured that its unique characteristics and potentials receive the consideration that will achieve maximum development. The close university-industry relationship accomplishes this purpose. An inter-university patent referral system for the purpose of marketing inventions to obtain their widest public use is under consideration.
2. The concern and commonly stated policy of American universities in serving the public interest in matters relating to patents are well documented in the National Academy of Science's publication entitled, University Research and Patent Policies, Practices and Procedures

by Dr. Archie M. Palmer. We believe that there is no instance where a university has abdicated its responsibilities to the public in the field of patents. The exceptional concern of educational institutions for the public interest fully justifies the certification by Government agencies that title to patents remain with the institution.

3. Since the entire American socio-economic system is structured around the incentive system, regard for recognition of the inventor's interest is an important consideration. Initially, this recognition provides him with an incentive to disclose. The inventor at an academic institution, has a vital interest in prompt publication of his discoveries. If these discoveries involve inventions, it is essential that patent applications be filed promptly so that valuable rights are not lost. Only the close association between the inventor and the educational institution can accomplish this. In addition, the inventor shares in revenue resulting from the licensing of the invention and often has the opportunity to assist licensees in commercial development for public use. This latter factor may often be crucial to the successful development of the majority of inventions which are usually modest or moderate in scope.
4. The aspect of public interest is paramount in the policies and practices of universities relating to the utilization of financial returns from inventions and patents. These policies are well stated in Dr. Palmer's studies of university patenting practices. Reasonableness of licensing terms, plus a regard for healthy competitive conditions govern university license negotiations. University practices in the utilization of patent income are not standard. In each case, however, the money is expended for the broad purposes of the institution, whether it be for further research, for scholarships, or for general educational maintenance with the public

interest being served thereby. To the extent that such funds are available, outlays for these purposes relieve the burden on public sources, whether they be state or Federal.